

STATEMENT OF MR. JOHN P. ABBADESSA
CONTROLLER, ATOMIC ENERGY COMMISSION
ON H. R. 4845
BEFORE THE GOVERNMENT ACTIVITIES SUBCOMMITTEE
COMMITTEE ON GOVERNMENT OPERATIONS

MAR 30 1965

Mr. Chairman:

We are pleased to appear before your Subcommittee to testify on H. R. 4845.

The AEC is a major user of ADP equipment. There are two aspects of the AEC operation that are somewhat different from other Government agencies and that are pertinent to an understanding of our management of the acquisition and utilization of ADP equipment. The Commission's varied activities for the most part are performed by large industrial concerns and educational institutions operating AEC-owned plants under contract with the Commission and the Commission places maximum responsibility on its contractors for contract performance. This policy of hiring the technical and managerial abilities of private concerns to perform the actual operations of the Commission is a keystone of our method of operation. Therefore, practically all AEC-owned and leased ADP equipment is acquired by our contractors in the performance of their contracts and is not acquired directly by AEC. Another significant aspect is the fact that the primary use made of ADP equipment in our operation is for scientific purposes and not for administrative purposes.


Even with these two features, which are somewhat different from other Government agencies, it is AEC policy that our contractors comply with existing Government-wide policies and guidelines relating to the acquisition and utilization of ADP equipment as set forth in BoB Circulars and GSA Regulations.

Although practically all of the AEC-owned and leased ADP equipment is procured by our contractors for use by them, the AEC has a highly centralized system for direction and control of the procurement of ADP equipment. Briefly, this system requires a contractor, when he wants to acquire ADP equipment, to prepare a proposal including normally a feasibility study, a systems study and a lease versus purchase computation, as required by BoB Bulletins. This proposal has to be

approved by the local AEC Field Office Manager and if the acquisition will cost more than \$200,000, additional approval is required by the cognizant Program Division at Headquarters and finally by the Controller. No acquisition of equipment over \$200,000, which is a relative small amount for such equipment, can be made by any of our contractors without going through this procedure, and we believe that this system has resulted in the AEC effectively controlling the procurement of ADP equipment.

The AEC has always been particularly concerned with the economic acquisition of ADP equipment and has been a strong supporter of acquisition by purchase when this appeared to be the most economic method. Our system of management control has resulted in a high percentage of purchased computer systems. The Comptroller General's Report, issued in March, 1963, showed that AEC had the largest percentage of purchased ADP systems in the Government at that time -- our percentage was 36% purchased systems whereas the overall average Government percentage was 13.8%. Based on a recently completed inventory, taken in compliance with BoB Circular A-55, our percentage of purchased computer systems increased to 64% as of June 30, 1964, and we expect to reach 77% as of June 30, 1965.

I turn now specifically to H. R. 4845. As we informed you in our letter of March 16, 1965, the AEC is in agreement with the objectives of this bill. We would like to note, however, that based on a careful study of (1) the Remarks of the Chairman of this Subcommittee when he introduced H. R. 4845 and (2) the BoB Report to the President on the Management of Automatic Data Processing in the Federal Government, we believe that it would be helpful if certain clarifying amendments could be made in the bill, and we recommend such amendments for the Subcommittee's consideration.

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1. We note in the Chairman's Remarks that under this legislation GSA would not become a Government ADP "czar." Specifically, GSA would not interpose itself between the manufacturer and the user agency except in the execution of lease, purchase or maintenance contracts, and that as is now the case, each user agency would determine its own ADP requirements. We interpret these explanations to mean that the user agency would develop the specifications for and select the types and configurations of the equipment needed. We firmly believe that such

determinations can be effectively made only by the user, particularly in scientific and technical applications where ADP equipment requirements are inextricably linked to the intended use. In order to clarify the responsibility for the development of specifications and the selection of equipment, and particularly in view of the language in Section 111(b)(1), we recommend Section 111(g) be amended by adding at the end of the second sentence (at page 5, line 23) the words "including the development of specifications for and the selection of the types and configurations of equipment needed."

2. We note that the bill would authorize the Administrator to require joint utilization of ADP equipment by two or more Federal agencies and to establish and operate equipment pools and data processing centers for the use of two or more such agencies when necessary for its most efficient and effective utilization. Inasmuch as the Commission has specific statutory responsibility under the Atomic Energy Act of 1954, as amended, with respect to security of certain classes of information, which could come into conflict with actions of the Administrator directing joint utilization or pooling arrangements, the mandatory nature of this provision could be in conflict with the Commission's responsibility for safeguarding information. Accordingly, we recommend the bill be amended to eliminate the Administrator's authority to require joint utilization or pooling arrangements where the head of a Federal agency determines such action would be in conflict with the agency's responsibility for safeguarding information. One way of accomplishing such a change would be to change the word "require" to "provide for" in line 12 on page 2.
 3. We note in the Chairman's Remarks that it is not the intent of this legislation that any specialized scientific or specially designed military ADP system components be included within the confines of this coordination procedure, and that the ADP of concern in this legislation are the general purpose systems.
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It is our interpretation that these exceptions are intended to be provided in Section 111(b)(2) where the Administrator may delegate his procurement authority when such action is essential to national defense or national security.

However, it is not clear to us that the present language of Section 111(b)(2) would exempt specialized scientific ADP system components. Accordingly, we would recommend a specific exemption in Section 111(b)(2) for procurements of specialized scientific systems components.

4. The bill authorizes in Section 111(c) the establishment on the books of the Treasury of an automatic data processing fund and provides in Section 111(d) that such fund shall be credited with advances and reimbursements by any agency or contractor utilizing equipment and services financed by the fund. Section 111(d) also provides that such advances and reimbursements shall be at rates determined by the Administrator to approximate the costs thereof met by the fund. Because of the language of Section 111(b)(2) whereby the Administrator may delegate his procurement authority to Federal agencies and the language of Section 111(g) whereby the authority conferred upon the Administrator shall be exercised subject to direction by the President, it is not clear to us as to the extent that the language of the bill requires the ADP fund to be used. [^] Whatever the extent of use of the ADP fund, we suggest for the consideration of the Committee that Section 111(d) be amended so that the costs of operating the ADP fund would not be passed on to the user agencies or contractors. One way to accomplish this change would be to authorize appropriations to the Administrator to cover the costs of operating the ADP fund separate from and not to be included as part of the fund itself. We believe such an amendment would be equitable, in that the user agencies or contractors would not have to pay a penalty because of the costs of operating the fund, and also would be helpful, in that subsequent evaluations of the results of using such a fund would be facilitated because the costs of operating the
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fund would be disclosed in one set of records.

5. We note in the Chairman's Remarks, with respect to the authority conferred upon the Secretary of Commerce in Section 111(f) to undertake research, that any research the Bureau performed would neither duplicate nor interfere with the research of user agencies and that the Bureau of Standards would supplement agencies' research efforts when necessary to meet Government-wide requirements for the services stated in this legislation. In order to clarify the respective roles of the Bureau and the user agencies relating to the very important and necessary research in the sciences and technologies of ADP computers and related systems, we believe it would be most helpful if the thoughts in the Chairman's Remarks were specifically included in the bill.

Section 111(g) of the bill clearly states that the Administrator of GSA shall not impair or interfere with the determinations made by agencies regarding requirements and use of ADP equipment. The Section also provides for adequate notice to all agencies regarding proposed GSA determinations specifically affecting them and for recourse to the BoB in the event of disagreement between GSA and the agency. We assume this Section means that adequate notice and recourse to the BoB is also available to the agencies with respect to GSA's procurement decisions.

I am prepared to discuss any of these points further if the Committee so desires.